

HIGHWAY AND BRIDGE TRANSPORTATION FUNDING

Federal Transportation Legislation typically identifies levels of funding for a six-year period that could be made available to states based upon expected federal revenues. These funding levels, or **authorizations** generally establish upper limits for future funding and spending levels. The most recent examples are shown below:

The Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 established requirements for extensive planning and flexibility of federal funds for projects, including Transportation Enhancement, Surface Transportation, Bridge, Congestion Mitigation and Air Quality, and research and planning projects. This legislation covered the years from 1992 through 1997.

The Transportation Equity Act for the 21st Century (TEA - 21) was signed into law in 1998. This Act re-affirmed the goals of ISTEA and provided increased funding and flexibility to the states to provide safer and more efficient transportation facilities and networks. This legislation covered the years from 1998 through 2003.

Federal legislation for the next (2004 through 2009) authorization timeframe is currently being developed. The legislation is tentatively called the Safe, Accountable, Flexible and Efficient Transportation Equity Act (SAFETEA) of 2003. It is proposed to continue with the initiatives established under ISTEA and TEA-21 relative to funding programs and flexibility, but with greater emphasis on safety and reducing the number of highway fatalities nationwide through increased seatbelt use, and better operation of the highway system including enforcement. In addition, the legislation as proposed by the Administration assumes no increase in highway user fees (gas taxes), and consequently increases in funding levels are limited. The levels of federal funding as anticipated in Ten Year Plan projections are adjusted in this new proposed Ten Year Plan to reflect the levels of funding proposed in the Administration's proposal. These revised funding projections are a reduction from previous Ten Year funding estimations.

On an annual basis, for the federal fiscal year (from October 1 to September 30 of the next year), Congress takes the authorized levels of funding and apportions them to address the general programs which Congress has mandated in the authorizing legislation. The funding for these general programs is either Formula funding or Non-Formula funding. Formula and Non-Formula funding are characterized as follows:

Formula funding covers those programs that are typically defined through the authorization legislation and remain constant over the life of that legislation. Typical previous categories included Interstate Maintenance, National Highway System, Surface Transportation Plan, Bridge Plan, Congestion Mitigation and Air Quality, Transportation Enhancement, Statewide Planning and Research.

Non-Formula funding covers special funding categories such as Scenic Byways and Forest Highway Plans where funding levels can change substantially from year to year, and covers specific congressionally designated projects to which defined amounts of money are allotted.

The actual amount of federal money that can be spent in a given federal fiscal year is called the **obligational authority/limitation**. Congress establishes this obligational authority annually as part of apportioning the previously authorized funding levels. The amount of obligational authority usually changes from year to year, though the amount of obligational authority is usually less than the amount of apportionments that a state receives from year to year. The obligational authority funding levels are based on actual revenues received and other national priorities at the time.

At this point in time, NHDOT is anticipating approximately \$135 million in federal obligational authority in 2005, increasing by about \$5 million per year through the years of the Ten Year Plan. These are federal formula funds only. It is important to note that these estimates are based on amounts received in the last ten years and appropriations currently suggested in the draft version of SAFETEA.

The chart below shows the estimated amount of Federal Formula funds the State will receive over the next Ten Years. For the federal program, the anticipated federal funding (along with the appropriate State or municipal match) is balanced against the estimated cost of the projects proposed, which is the basis used to assume the plan is financially constrained.

<u>Fiscal Year</u>	<u>Anticipated Federal Funding</u>
2005	\$135,000,000
2006	\$140,000,000
2007	\$145,000,000
2008	\$150,000,000
2009	\$155,000,000
2010	\$160,000,000
2011	\$165,000,000
2012	\$170,000,000
2013	\$175,000,000
2014	\$180,000,000

It should be noted that most of the Federal Aid Funding categories (currently 93+ categories) provide enough flexibility in their use to assist in the implementation of projects in the State's Ten Year Plan. However, some funding categories can only be used for the purpose designated.

Also, Non-Formula funding that is allocated by Congress for specifically designated projects can only be used on the projects so designated. Projects that have designated Non-Formula funding are also shown in this Ten Year Plan.

The Ten Year Plan includes yearly funding for programs which are mandated by federal legislation. Funding for these programs comes from Federal funds with the appropriate State match. From these programs specific projects may be developed. As those projects get underway, funding from the Statewide designation is transferred to the specific project and the project is listed separately. Funding amounts are 80% Federal Funds and 20% State Funds in most all cases. Examples of programs and previous annual funding amounts are listed below.

- SPR #1 State Planning & Research – Part #1 \$ 2.875 million
 “Planning” (includes Rural Regional Planning Commission Funding)
- SPR #2 State Planning & Research – Part #2 “Research” \$ 0.301 million
- Statewide Forest Highways \$ 0.700 million
- Statewide Congestion Mitigation and Air Quality \$ 6.500 million
- Statewide DBE Compliance Monitoring \$ 0.090 million
- Statewide Local Technical Assistance Program (LTAP) \$ 0.280 million
- Statewide Geodetic Services \$ 0.039 million
- Statewide Transportation Enhancement \$ 4.000 million
- Statewide Metropolitan Planning Organizations funding \$ 1.180 million
- Statewide Recreational Trails \$ 0.600 million
 (Projects Selected Annually for Trails
 Development)

The 2003-2012 Ten Year Plan also included yearly funding for programs that are not designated by Congress, but have been considered important for maintaining and upgrading the State's system. Funding amounts are 80% Federal Funds and 20% State Funds in most all cases. These include:

• Statewide-Federal Resurfacing	\$ 12.000 million (proposed to be reduced in this 2005-2014 Ten Year Plan)
• Statewide-Pavement Markings	\$ 1.866 million
• Statewide-Signing Upgrades	\$ 0.500 million
• Statewide-Municipal Urban Projects	\$ 5.000 million
• Statewide-Federal Funded Municipal Bridges	\$ 4.000 million
• Statewide-Annual Training Plan	\$ 0.200 million
• Statewide-Rural Technical Assistance Plan	\$ 0.280 million
• Statewide-Guardrail Replacement	\$ 1.000 million
• Statewide-Railroad Crossings	\$ 0.950 million
• Statewide-Interstate Crack Sealing	\$ 0.100 million (now proposed to be included under Statewide-Interstate Pavement Preservation)
• Statewide-Underwater Bridge Inspection	\$ 0.030 million
• Statewide-N.E. Consortium Studies	\$ 0.100 million
• Statewide-AASHTO Outreach to High Schools (TRAC)	\$ 0.021 million

An additional federally funded program proposed to be included in this new Ten Year Plan is:

- Statewide-Interstate Pavement Preservation funding amounts varies by year

In addition, State funds are expended as identified in the following categories:

Turnpike Program: Established under RSA 237, the Turnpike "Capital Improvement Program" is a multi-year program originally authorized by the New Hampshire Legislature in 1986 to improve and expand the Turnpike System. The expansion and improvement projects in the Capital Improvement Program are designed to provide safety improvements to the existing Turnpike System and increase the Turnpike System's capacity. Through April 30, 2003 a total of \$414 million of bond proceeds, investment earnings and available toll revenues had been expended on Capital Improvement Program projects. The Ten Year Plan assumes that approximately \$ 122 million will be spent on Capital improvement type projects between 2005 and 2014. This assumes \$ 50 million bond issuances will be available in federal fiscal year 2010.

The Turnpike Renewal and Replacement program is used to keep the system well maintained. Expenditures for resurfacing, bridge rehabilitation, bridge painting, high mast lighting, roofing and life safety issues for toll operators are paid through this program. The Turnpike Renewal and Replacement costs are funded from the General Reserve Account. In addition, the State's financially responsible decision is to set aside \$2 million of its General Reserve Account for unanticipated Renewal and Replacement costs. For Fiscal Years 2005 through 2014, the Turnpike System's proposed budget for Renewal and Replacement totals about \$6 million/year.

Betterment Program: The Betterment program (established under RSA 235:23-a) is used for highway and bridge improvements. Typically, Betterment funds are used to address relatively small (less than \$1.0 million) projects on the state system. From the State gas tax of 18 cents, 88% of 3 cents of the state gas tax goes to the Betterment program. Funding for the Betterment program amounts to approximately \$ 21.5 million/year. Only state roads and bridges, qualify for this funding.

State Aid Highway (SAH): Established under RSA 235:10-:21, about \$1.7 million/year is designated to be spent under this program for the purpose of constructing or reconstructing sections of Class I, II and III highways. Of the total project funds, 2/3 of the funds are provided by the State through the program and 1/3 of the funds are town matching funds. The communities need to raise funds before being enrolled in the program. Based on current municipal commitment of funds, projects are programmed for funding into FY 2007.

State Aid Bridge (SAB): Established under RSA 234, about \$ 6.8 million/year is designated to be spent under this program for construction or reconstruction of structures on Class IV and Class V highways as well as municipally-maintained bridges on Class II highways. Structures having a clear span of ten (10) feet or greater qualify for State Aid Bridge funds. Of the total project funds, 80% of the funds are provided by the State and 20% are town matching funds. The communities need to raise funds before being enrolled in the program. Based on current municipal commitment of funds, projects are programmed for funding into FY 2008.